

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/18/2012
POSITION: Neutral

BILL NUMBER: AB 2492
AUTHOR: Blumenfield, Bob

BILL SUMMARY: The False Claims Act.

This bill would amend existing law to conform California's False Claim Act (California Act) to recent amendments made to the federal False Claims Act (Federal Act).

FISCAL SUMMARY

The Department of Justice indicates that there would be no fiscal impact related to this bill.

The Judicial Council notes that there may be increased costs associated with processing new civil filings as a result of these amendments, however, there is no way to estimate the number of additional civil cases filed as a result of these amendments. The Judicial Council has provided cost information as a baseline for calculating potential costs as a result of this bill. If 50 new limited civil cases were filed, the total estimated cost would be \$23,080 annually to the courts; and if 50 new unlimited civil cases were filed, the total estimated cost would be \$46,161 annually to the courts. Limited civil cases are used if plaintiffs are seeking damages less than \$25,000; unlimited are for damages in excess of \$25,000.

Recent budget reductions to the Judicial Branch have led to a backlog of cases in the trial courts. To the extent this bill would increase the number of civil filings, it may create additional workload for the courts and increase delays.

If the provisions of this bill are not implemented, the loss of the additional 10 percent federal bonus on all Medical-related false claims could impact the Department of Health Care Services' ability to assist the Attorney General in Medical-related lawsuits and support law enforcement efforts in pursuing recoveries.

COMMENTS

The Department of Finance is neutral on this bill because it would make technical changes to the California Act to conform to the Federal Act allowing California to continue to receive a 10 percent federal bonus on all Medical-related false claims.

Existing law establishes the California Act and provides that persons may bring civil action for damages resulting from fraudulent claims against the state or a political subdivision, and share in the recovery of any damages. The federal government provided a financial incentive, in the form of a 10 percent federal bonus on all Medical-related false claims, provided that the California Act met certain requirements under section 1909(b) of the Federal Act. In May of 2009 the federal government amended the Federal Act and California no longer met these requirements, therefore, the 10 percent federal bonus would no longer apply. The Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services has reviewed California's existing legislation and provided direction on which areas of the California Act would need to be amended to conform to the Federal Act. The OIG has provided California with a grace period in which to effectuate these amendments, ending on March 31, 2013.

Analyst/Principal (0211) J.Sturges	Date	Program Budget Manager Lisa Ann Mangat	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

AUTHOR

AMENDMENT DATE

BILL NUMBERBlumenfeld, Bob

06/18/2012

AB 2492

COMMENTS (continued)

This bill would amend existing law to conform to the Federal Act by:

- Conforming and broadening the definitions of "claim", "state funds" and "original source" to federal law.
- Defining the term "obligation" in terms of establishing liability.
- Conforming the amount of state civil penalties and the statute of limitations for complaints filed or amended.
- Expanding the ability of government prosecutors to contest the dismissal of false claims.
- Allowing both current and former government employees to file a false claims action without exhausting internal procedures.
- Increasing anti-retaliation protections for those who pursue false claims actions.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP					Fund		
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015	Code
0250/Jud Branch	SO	No		----	See Fiscal Summary	----			0932
0820/Justice	SO	No		----	See Fiscal Summary	----			0378
4260/Hlth Care	LA	No		----	See Fiscal Summary	----			0001
<u>Fund Code</u>		<u>Title</u>							
0001		General Fund							
0378		False Claims Act Fund							
0932		Trial Court Trust Fund							